

## PRODUCTIVITY COMMISSION: GAMBLING INQUIRY

### PETER MAIR: 2<sup>nd</sup> SUPPLEMENTARY SUBMISSION (AUSTRALIAN RACING)

# A RACE FOR VOTES

As the Commission prepares to finalize its findings on racing industry issues, these comments reflect on some racing-industry reactions to the draft findings.

#### ■ the racing industry is recalcitrant

On my reading, the racing industry remains in denial about the need for State governments to do anything other than limit competition to protect the funding base for racing in the separate states: the protected funding would accompany the separate racing industries being parties to an interstate cartel, exempted from national competition policy, and inclined to drive out competition for TAB business. Nonetheless, a slow contraction of funding is underway.

I am unaware of any comments from state racing ministers on the racing industry ‘findings’ bar lamentations that racing’s participants need protection. Beyond that, the draft report and related proceedings and public hearings have been ignored by the dominant industry-sponsored, racing media. This same, mainstream racing media clique has concurrently publicized comments and submissions critical of the Commission. It is a problem that media-funding dependencies mean that there is no ‘free press’ covering Australian racing policy.

Reactions deceptively substituting ‘passion’ for ‘reason’ when coloring emotional responses can be dismissed: the passionate, when avoiding the issues, can be recalcitrant to a fault. Reminded of the need to contract its racing industry, NSW administrators announced a credit-card rewards scheme to encourage new owners (a redundancy assistance package would be more appropriate). Along the way they declared the NSW racing industry to be the most efficient industry in Australia. Can’t argue with that!

Reactions substituting polished semantics for plain talk are similarly indicative of key players ducking open debate of the issues before returning to their main game of political lobbying. Industry players aspiring to a national role in setting industry policy are concurrently handicapped by a membership, the separate states, that want their racing industries exempted from any obligation to observe national competition policy objectives. There is no genuine respect for the concept of a competitive national racing industry: on the contrary, unfortunately.

#### ■ Only votes count

The sense of ‘votes’ – the regional politics of popular appeal – driving the policies of state governments is perhaps most clearly captured in interventions accompanying a sequence of inquiries and reviews conducted in NSW in recent years.

- In the early 2000s, the racing minister announced the no-change outcome of a required legislative review on the Saturday following the closing date for submissions: required to reopen the process, the result was the same, ‘no change’.
- In the mid 2000s a former director-general of the NSW racing department was put in charge of another legislative review: the ‘unduly delayed’ release of a report was followed by ‘no action’ -- a new racing minister announcing a ‘bold new plan’

(possibly in line with the rejected report) was himself re-assigned in circumstances where racing industry heavyweights were baying for his reformist blood.

- As a departing gesture, this minister commissioned what became the ‘lost’ Cameron inquiry and report – a process compromised at the outset when it seemed that any participation of local racing industry administrators was made conditional on the inquiry publishing an ‘issues paper’ sponsored by the administrators.
- Finally, the responses of industry administrators in NSW to the Commission’s draft findings were, within minutes, dismissive in terms fairly considered offensive.

Any idea that the Commission’s findings may get a fair hearing with the NSW government can be dismissed as fanciful – its racing industry policies are framed, in a context of looming electoral defeat, to minimize the loss of ‘racing’ seats (and these ‘say nothing’ policies are endorsed by a me-too opposition coveting those same seats). The NSW government, of whatever stripe, is prone to tactical defenses of racing industry interests that fly in the face of accepted democratic conventions: seemingly, it will do anything to pander to racing industry interests – and one can only wonder why.

Looking beyond NSW, there is unlikely to be any support for the Commission’s findings with the possible exception of, going-quietly, Victoria – the likely major beneficiary of any sensible reforms to the Australian racing industry nationally.

The Commission should be under no illusion about the dramatic implications for the Australian racing industry that would accompany the adoption of its findings: while the findings are laudable, a bloated racing industry would (sensibly) contract dramatically in all states – and that’s the rub, overturning decades of wasteful indulgence is a big-ask.

### ■ **The importance of competition**

The sense of impossibility surrounding the state-politics of ‘racing’ reinforces the importance of additional competition in driving needed national reform – the importance of allowing bookmaking-style wagering operators to compete within a viable (negotiated profit-levy) framework with the TAB monopolies in each state. Practically, only less money for racing will force reform and precipitate a contraction.

### ■ **The importance of a detailed national examination of the racing industry**

The Commission, for the moment, is apparently limited to a broad-brush exposure of a ‘national’ industry clearly running out of control within the separate states.

One thing this industry would fear is a well-resourced national inquiry. It would be salutary to have a national inquiry empowered and encouraged to expose in dirty detail the practical consequences of state governments handing over too much money to local industry administrators that use ‘discretion’, as distinct from sound commercial commonsense, in delivering money to race clubs.

A detailed national inquiry into the Australian racing industry offers the best hope of ensuring the sense of adopting the Commission’s findings is accepted: state governments, and state communities, would surely like to get the racing tiger off their backs – as is, they cannot, the racing vote is too decisive and some participants are too powerful.